
PURCHASE AGREEMENT
by and between the
COUNTY OF SAN LUIS OBISPO
and the
SLO COUNTY FINANCING AUTHORITY

Dated as of June 1, 2013

relating to the
CSA 10A Water System Improvement Project

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PURCHASE AGREEMENT

Water System Improvement Project

This Purchase Agreement is entered into as of June 1, 2013, by and between the COUNTY OF SAN LUIS OBISPO (the “**County**”), a public body, corporate and politic, duly organized and existing under the laws of the State, acting on behalf of County Service Area 10, Zone of Benefit A (“**CSA 10A**”), and the SLO COUNTY FINANCING AUTHORITY (the “**Authority**”), a California joint powers authority;

WITNESSETH:

In joint and mutual exercise of their powers, in consideration of the mutual covenants herein contained, and for other valuable consideration, the parties hereto recite and agree as follows:

ARTICLE I

RECITALS

Section 1.01 The Authority proposes to acquire the real property and water system facilities comprising the existing water system (the “**Existing System**”) of CSA 10A and to undertake improvements (the “**Project**”) to the Existing System, and upon completion of the Project, to sell the Existing System, as improved by the Project (the “**Water System**”), back to the County, acting on behalf of CSA 10A.

Section 1.02 The sale of the Existing System by the County, acting on behalf of CSA 10A, is necessary and proper for County uses and purposes under the terms of applicable law and is for the common benefit of the County and the residents of CSA 10A, which is situated wholly within the County.

Section 1.03 The County, acting on behalf of CSA 10A, is authorized to sell the Existing System and any interest therein for the common benefit of the County and the residents of CSA 10A as a part of the program to finance the Project.

Section 1.04 The Authority proposes to construct the Project on the Site and to sell the Water System, as improved by the Project, to the County, acting on behalf of CSA 10A, and the County, acting on behalf of CSA 10A, desires to purchase the Water System from the Authority upon the terms and conditions set forth in an installment sale agreement, dated as of the date hereof, between the County and the Authority (the “**Installment Sale Agreement**”).

Section 1.05 The County, acting on behalf of CSA 10A, is authorized to purchase the Water System and any interest therein for the common benefit of the County and the residents of CSA 10A.

Section 1.06 The County and the Authority, respectively, have duly authorized the execution of this Agreement by proper Board action.

Section 1.07 Unless the context otherwise requires, capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Installment Sale Agreement.

ARTICLE II

REPRESENTATIONS

Section 2.01. Representations of the County. The County makes the following representations:

(a) The County, acting on behalf of CSA 10A, is a public body, corporate and politic, duly organized and existing under and by virtue of the laws of the State of California.

(b) The County, acting on behalf of CSA 10A, has full legal right, power and authority to enter into this Agreement and carry out its obligations hereunder, to carry out and consummate all other transactions contemplated by this Agreement.

(c) By proper action, the County has duly authorized the execution, delivery and due performance of this Agreement.

(d) The County, acting on behalf of CSA 10A, will not take or permit any action to be taken which results in the interest paid for the installment sale of the Water System under the terms of the Installment Sale Agreement being included in the gross income of the Authority or its assigns for purposes of federal or State income taxation.

(e) The County, acting on behalf of CSA 10A, has determined that it is for the common benefit of the County and the residents of CSA 10A and is necessary and proper for County uses and purposes that the County finance the Project in the manner provided for in this Agreement and the Installment Sale Agreement, in order to provide essential services and facilities to persons residing in the County in general and the persons residing in CSA 10A in particular.

(f) CSA 10A has full right, interest and legal title to the Existing System, and the County, acting on behalf of CSA 10A, agrees to defend said title against all challenges. If it is finally determined by a court of competent jurisdiction that CSA 10A, on behalf of which the County is acting, does not hold said title, or that a defect to said title exists which would materially adversely affect the interests of the Authority hereunder or under the Installment Sale Agreement, the County, acting on behalf of CSA 10A, agrees, to the extent permitted by law, to cure such defect or obtain said title through purchase or the exercise of its powers of eminent domain.

Section 2.02. Representations and Warranties by the Authority. The Authority makes the following representations and warranties:

(a) The Authority is a joint exercise of powers authority duly organized and existing by virtue of the laws of the State, has full legal right, power and authority to enter into this Agreement and to carry out and consummate all transactions contemplated by this Agreement and by proper action has duly authorized the execution and delivery and due performance of this Agreement.

(b) The execution and delivery of this Agreement and the consummation of the transactions herein contemplated will not violate any provision of law, any order of any court or other agency of government, any indenture, material agreement or other instrument to which the Authority is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement or other instrument, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Authority.

(c) The Authority will not take or permit any action to be taken which results in interest paid for the installment sale of the Water System under the terms of the Installment Sale Agreement being included in the gross income of the Authority or its assigns for purposes of federal or State income taxation.

ARTICLE III

PURCHASE AND SALE OF THE EXISTING SYSTEM

Section 3.01. Purchase and Sale of the Existing System. The County, acting on behalf of CSA 10A, agrees to sell, and hereby sells, to the Authority, and the Authority agrees to purchase, and hereby purchases, from the County, acting on behalf of CSA 10A, the Existing System for a purchase price, receipt of which is hereby acknowledged by the County, in the amount of one dollar (\$1.00). The Authority and the County, acting on behalf of CSA 10A, agree that title to the Existing System shall be deemed conveyed to and vested in the Authority, as provided herein, without the necessity of any other instrument or document of conveyance.

ARTICLE IV

EFFECTIVE DATE OF THIS AGREEMENT; UNCONDITIONAL OBLIGATIONS

Section 4.01. Effective Date of this Agreement. This Agreement shall become effective upon its execution and delivery.

Section 4.02. Obligations of Authority Unconditional. The obligations of the Authority to perform and observe the agreements on its part contained herein shall be absolute and unconditional, and, until such time as the Installment Sale Agreement shall expire or be terminated in accordance with its provisions therefor, the Authority (i) will perform and observe all of its agreements contained in this Agreement and (ii) will not terminate this Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Existing System,

commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either or any failure of the County to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement.

Nothing contained in this Section shall be construed to release the County from the performance of any of the agreements on its part herein contained. In the event the County should fail to perform any such agreement on its part, the Authority may institute such action against the County as the Authority may deem necessary to compel performance or recover its damages for nonperformance so long as such action shall not violate the agreements of the Authority contained in the first paragraph of this Section. The Authority may at its own cost and expense and in its own name or in the name of the County, prosecute or defend any action or proceeding or take any other action involving third persons which the Authority deems reasonably necessary in order to secure or protect its right of title, possession and use hereunder, and in such event the County hereby agrees to cooperate fully with the Authority and to take all action necessary to effect the substitution of the County, acting on behalf of CSA 10A, for the Authority in any such action or proceeding if the Authority shall so request.

ARTICLE V

MISCELLANEOUS

Section 5.01. Further Assurances and Corrective Instruments. The County and the Authority agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments, including deeds, bills of sale and other documents of transfer, as may reasonably be required for correcting any inadequate or incorrect description of the Existing System, including but not limited to any real property upon or under which any facilities of the Existing System are situated, or for carrying out the intention of or facilitating the performance of this Agreement.

Section 5.02. Approval of Authority. Whenever under the provisions of this Agreement the approval of the Authority is required or the County is required to take some action at the request of the Authority, such approval shall be given or such request shall be made by an Authorized Officer unless otherwise specified in this Agreement, and the County, acting on behalf of CSA 10A, shall be authorized to act on any such approval or request, and the Authority shall have no complaint against the County as a result of any such action taken.

Section 5.03. Assignment. This Agreement may be assigned, as a whole or in part, by the Authority with the written consent of the County, which consent shall not be unreasonably withheld, subject to each of the following conditions:

(a) No assignment shall relieve the Authority from primary liability for any of its obligations hereunder, and in the event of any such assignment the Authority shall continue to remain primarily liable for performance and observance of the obligations and conditions herein provided to be performed and observed on its part.

(b) The assignee shall assume the obligations of the Authority hereunder to

the extent of the interest assigned.

(c) The Authority shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the County a true and complete copy of each such assignment.

Section 5.04. Notices. All notices, certificates and other communications hereunder shall be sufficiently given if, and shall be deemed given on the second day following the day on which, mailed by registered or certified mail, postage prepaid, addressed as follows:

If to the County:

County of San Luis Obispo
County Government Center
1055 Monterey Street, Suite D430
San Luis Obispo, CA 93408
Attention: County Administrator

If to the Authority:

SLO County Financing Authority
1055 Monterey Street, Suite D430
San Luis Obispo, CA 93408
Attention: Chairperson c/o the County Administrator

The County and the Authority may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates and other communications shall be sent.

Section 5.05. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the County, the Authority and their respective successors and assigns.

Section 5.06. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 5.07. Agreement Represents Complete Agreement; Amendments. This Agreement represents the entire contract between the parties. This Agreement may not be effectively amended, changed, modified, altered or terminated without the concurring written consent of the County and the Authority.

Section 5.08. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of California.

Section 5.09. Execution of Counterparts. This Purchase Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Purchase Agreement by their duly authorized officers as of the date first above written.

COUNTY OF SAN LUIS OBISPO
a public body, corporate and politic

By: _____
County Administrator

SLO COUNTY FINANCING AUTHORITY
a California joint powers authority

By: _____
Chairperson